1950 ANNUAL REPORT

W. T. GRANT COMPANY

GRANTS OWN BRANDS

When you buy merchandise which bears one of Grant's own brand names, you are assured of considerable plus value for your money . . . as exemplified on pages 20 and 21 of this report. Here are some of Grant's most prominent names.

GRANTS WTG WEAR • TESTED • GUARANTEED
WORK CLOTHES

Wearite
UNDERWEAR

BOUNCING BABY
INFANT'S WEAR

FLIGHT CLUB
BOY'S WEAR

Joyce Lane

Marion Crane
CANDIES

Casuals
SHOES

Lovlee
GLOVES — BLOUSES

BUSY BEAVER
CHILDREN'S SHOES

Pennleigh
SHIRTS

Lyncrest
STATIONERY

CHARM · CREST
HOME FURNISHINGS

Carefree Casuals
SHOES

LITTLE GENERAL
ANKLETS

Wee Lassie
CHILDREN'S DRESSES

ISIS
HOSIERY

PARAMOUNT
ALUMINUM WARE

GRANTLINE
SCISSORS

TOY TOWN
CHILDREN'S WEAR

Joyce Lane
SLIPS

W. T. GRANT COMPANY

(founded in 1906 at Lynn, Mass.)

Executive and Buying Offices
1441 Broadway, New York 18, N. Y.

Board of Directors

Chairman	William T. Grant
	John B. Boyle
	John G. Byler
	Joseph W. Chinn
	Howland S. Davis
	Raymond H. Fogler
	Clayton E. Freeman
	Perrin C. Galpin
	Herbert K. Garges
	John M. Hancock
	Louis C. Lustenberger
	Ward Melville
	Edward Staley
	Robert R. Updegraff

Officers

Chairman of the Board	William T. Grant
President	Raymond H. Fogler
Vice President and General Manager	Edward Staley
Executive Vice President	Louis C. Lustenberger
Vice President and Treasurer	John G. Byler
Vice President	John B. Boyle
Vice President	Gordon Anderson
Vice President	M. O. Boxwell
Vice President	Timothy J. Burns
Vice President	J. Luther Knies
Vice President	E. J. Stinneford
Comptroller	M. F. Ketz
Secretary	Charles W. Rivoire
Assistant Comptroller	George W. Middleton
Assistant Treasurer	Warren G. Finnan

Guaranty Trust Company of New York	*Transfer Agent*
Bankers Trust Company, New York, N. Y.	*Registrar*

THE STORY IN BRIEF

	1950	1949
Sales	$250,573,987	$233,167,686
Earnings before taxes	$ 15,937,551	$ 15,545,477
Federal income taxes	$ 7,835,000	$ 6,110,000
Net earnings after taxes	$ 8,102,551	$ 9,435,477
Cents per sales dollar	3.2¢	4.0¢
Earnings per common share	$ 3.16	$ 3.73
Dividends paid per common share*	$ 1.50	$ 1.50
Dividends paid per preferred share	$ 3.75	$ 3.75
Total dividends for fiscal year*	$ 4,134,660	$ 4,130,569
Cents per sales dollar	1.6¢	1.8¢
Total wages and salaries	$ 38,370,166	$ 36,608,223
Other employee benefits	$ 2,711,181	$ 2,383,839
Total compensation and employee benefits	$ 41,081,347	$ 38,992,062
Cents per sales dollar	16.4¢	16.7¢
Total federal, state and local taxes	$ 12,391,770	$ 10,184,398
Merchandise inventories	$ 35,708,947	$ 33,714,714†
Working capital	$ 41,711,739	$ 39,971,472†
Total stockholders' equity	$ 74,077,701	$ 69,852,364
Book value common stock—per share	$ 24.78	$ 23.06
Number of stores in operation	480	480

Notes: *The extra dividend of 50¢ per common share paid February 20, 1950, is included in 1949 column, as that dividend was declared during fiscal year 1949.

†These items restated for this comparative statement, to LIFO basis as of January 31, 1950, explained in report.

W. T.
GRANT
COMPANY

1441 Broadway, New York

TO THE STOCKHOLDERS:

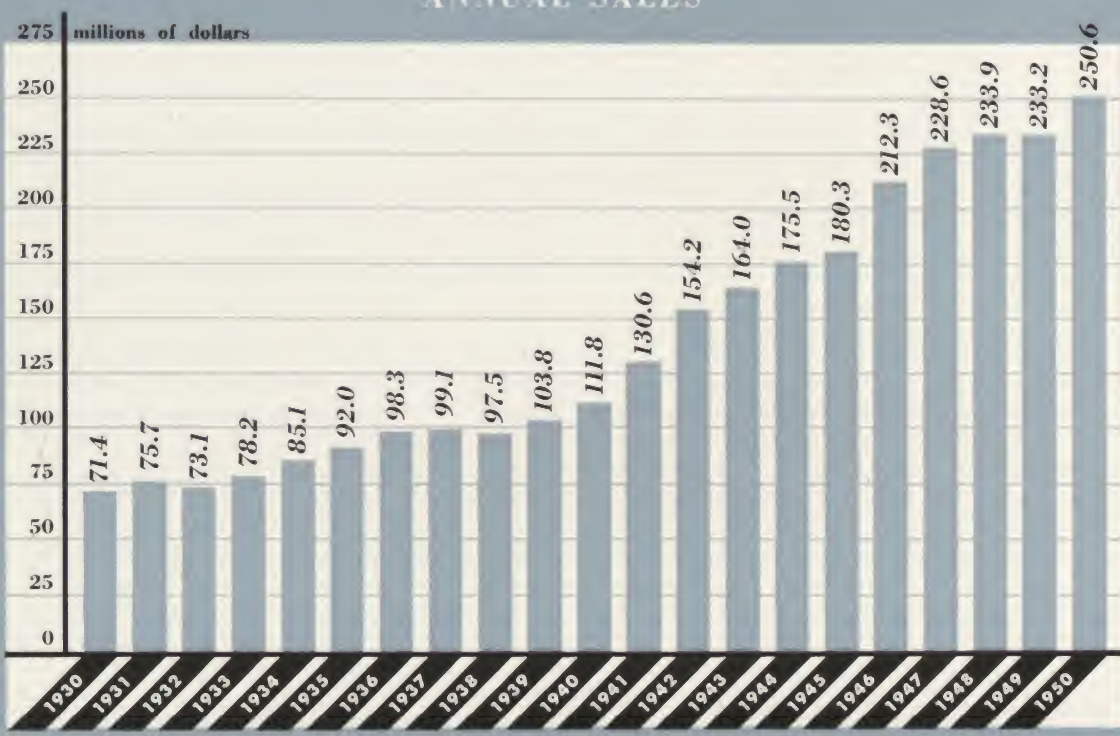
This annual report presents, for the fiscal year ended January 31, 1951, the financial statements of our Company, accompanied by the report of Messrs. Ernst & Ernst, independent public accountants.

SALES

Sales for the year were $250,573,987, an increase of $17,406,301, or 7.5% over 1949. These sales were the highest on record and for the first time in our history were above the quarter billion mark.

The sales increase came principally during the last half of the year. For the first six months, sales were up 2.5%; and for the second six months, they were 11.4% above corresponding periods of 1949. The improvement in the second half of the year resulted from a good sales promotion program which was aided by "scare-buying" waves that first developed in July and carried over into August 1950, and then developed again in January 1951.

ANNUAL SALES



EARNINGS

The net earnings after taxes were $8,102,551 which, after dividends on the preferred stock, were equal to $3.16 per share of common stock on 2,384,498 shares outstanding at end of year. This compares with net earnings of $9,435,477 or $3.73 per share of common stock on 2,378,708 shares outstanding in 1949.

Earnings for both years are stated on the LIFO method of valuing inventories. The following comparative tabulation presents earnings before and after Federal taxes on income, on the LIFO method and on the R.I.M., or retail inventory method, previously used by the Company.

	ON LIFO		ON R. I. M.	
EARNINGS:	1950	1949	1950	1949
Before Federal taxes	$15,937,551	$15,545,477	$18,532,268	$13,291,818
After Federal taxes	8,102,551	9,435,477	9,037,268	8,041,818

The earnings before Federal taxes on income are highest on record on both LIFO and R.I.M. methods, exceeding the previous LIFO high of 1949 when earnings before taxes were $15,545,477 and also exceeding the previous R.I.M. high of 1946 when earnings before taxes were $17,557,577.

The LIFO method minimizes the effects on earnings of rising and also declining price levels. This is illustrated by the facts that for 1950, earnings on LIFO were below R.I.M. earnings inasmuch as price levels increased during 1950, whereas for 1949, LIFO earnings were above R.I.M. earnings inasmuch as price levels declined during that year.

TAXES

The provision for Federal income taxes reflects the increased normal and surtax rates and also the new excess profits tax, retroactive to July 1, 1950.

For 1950, the provision for the excess profits tax of $445,000 was based on an excess profits base credit of approximately $14,000,000. This credit applies only to the W. T. Grant Company, which is the operating Company, inasmuch as the subsidiary, W. T. Grant Realty Corporation, is not subject to any excess profits tax as its base credit is well above the nominal earnings it contributes to the consolidated earnings. Under the provisions of the present Excess Profits Tax Act, this credit will vary from year to year.

The 1950 provision for taxes includes $365,000 additional taxes for the five years, 1945 to 1949, resulting from a retroactive reduction by the Treasury Department of depreciation rates on fixtures and buildings.

As a result, the provision for income taxes for 1950 amounted to $7,835,000 which is $1,725,000 above 1949.

DIVIDENDS

For the fiscal year 1950, regular quarterly dividends were paid on the preferred stock, totalling $3.75 per share. On the common stock, quarterly dividends of 25¢ per share were paid, plus a year-end extra dividend of 50¢ on December 15, 1950, or a total of $1.50 per share. The total of these dividends amounted to $4,134,660 which compares with $4,130,569 for the preceding fiscal year. In the above, the extra dividend of 50¢ per share, paid to common stockholders on February 20, 1950, is included in dividends for the preceding fiscal year, as it was declared during that year.

FINANCIAL POSITION

The statement of the financial position of the Company, which is included in this report, shows at January 31, 1951 current assets of $58,693,161 which compares with $55,525,507 at January 31, 1950.

Current liabilities at January 31, 1951 were $16,981,422 which compares with $15,554,035 at January 31, 1950.

Accordingly, working capital increased to $41,711,739 at January 31, 1951 from $39,971,472 at January 31, 1950.

At the year end, investment in merchandise on hand and in transit was $35,708,947 which compares with $33,714,714 for the preceding year. Merchandise turnover for 1950 was higher than in any of the preceding four years. The Company continues to buy merchandise on a normal turnover basis. In the above comparisons, the amounts of inventories, current assets, and working capital at the end of the preceding year, reflect the changes in inventory valuation occasioned by the change in the LIFO base, as is explained in the notes to financial statements.

CAPITAL PROGRAM

Expenditures for new stores and modernization of existing units amounted to approximately $8,095,000. Of this amount, $2,425,000 was contributed by landlords and $2,570,000 will be repaid by owners upon completion of the buildings, leaving a net capital expenditure of $3,100,000 for the year.

Included in the above expenditures are stores under construction which were not completed at the year end.

The Company continued the policy of acquiring and developing properties for occupancy, and selling them under arrangements whereby the Company retains occupancy under long-term leases. During the year 15 properties were sold and 7 properties were purchased. These transactions resulted in a net reduction of $1,309,000 in land and buildings and a reduction of $611,000 in Mortgages Payable, during the year.

Stores were opened in two new cities, Culver City, Calif., and Winchester, Va. Stores were relocated in new and larger buildings at Albany, N. Y., Holyoke, Mass., and Phoenixville, Pa. The store at Elyria, O. which had been destroyed by fire, was rebuilt and reopened.

Fourteen stores were enlarged and modernized, including major units at Boston, Mass., Baltimore, Md., and Miami, Fla. In addition, fourteen stores were equipped with air conditioning.

Five stores were closed. These were mainly small units where it was believed inadvisable to renew the expired leases. Two stores are temporarily closed while new buildings are being erected.

During 1950, construction was started, for completion in 1951, in seven new locations: Elizabeth, N. J., Levittown, L. I., Long Beach, Calif., Milwaukee, Wis., St. Louis Park, Minn., Champaign, Ill., and Daytona Beach, Fla. In addition, work was under way to relocate existing stores in five new buildings and to enlarge twelve existing stores.

Additional new stores, relocations, enlargements, and modernizations are included in the 1951 capital program. Undoubtedly, government controls on construction will force the Company to defer some of these jobs.

EMPLOYEES STOCK PURCHASE PLAN

The Employees Stock Purchase Plan approved by the stockholders at their meeting April 18, 1950, provided for the issue of not over 118,935 shares of unissued common stock to be offered to employees.

The initial offering of 81,825 shares was made May 1, 1950 to 629 managers and executives, who were given until May 1, 1952 to purchase the shares on a deferred payment contract at the approximate market price prevailing at the date of the contract, provided they remained with the Company. Contracts for 3,355 shares of the original offering were cancelled through terminations.

Through January 31, 1951, 490 employees had executed contracts to purchase 68,680 shares at an aggregate $1,850,220 in value. A total of 5,790 shares had been fully paid and issued, and the unpaid balance at the year end was $1,579,443.

Acceptances of the offer have continued since the year end, and as of March 1, 1951, 544 or 89% of those eligible have executed contracts to buy 73,160 shares, or 93% of the stock offered.

On the basis of the above results, the plan has been unusually successful and continues to increase the participation of key employees as stockholders.

There now remain 40,465 shares available for offerings that may be made from time to time as will be determined by the Board of Directors.

PERSONNEL AND ORGANIZATION

For the fiscal year 1950, salaries and wages to employees amounted to $38,370,166 compared with $36,608,223 in 1949. In addition, the Company paid $2,711,181 for employee benefits in 1950, which compares with $2,383,839 in 1949. The latter amounts include $1,323,469 contributed by the Company to the Employees Retirement Fund for 1950, and $1,505,173 for 1949.

During the year, the Company completed installation of a Wage Administration Plan in all stores. This included a study of job responsibilities and duties, which will make it possible to review and reward employee performance on an equitable basis under Wage Stabilization regulations.

Assistant Store Manager training courses, inaugurated in 1949, were continued during 1950. Ninety employees profited by this program during the year and its results to date are most satisfactory.

At the beginning of the year, the Company resumed regional conventions, at which merchandise opportunities and Company plans and policies were presented and discussed with store managers. These were so successful that they were repeated in early 1951 with the added feature of William T. Grant Achievement Awards presented to 165 store and district managers who were winners in performance and improvement contests inaugurated during the year.

There were approximately 20,000 employees at the year end, which compares with 19,100 in 1949, including part-time and extra employees. It is gratifying to note that at the end of 1950 there were 1,033 employees with 15 or more years of service.

During the year, the Board elected as Vice Presidents Gordon Anderson, New England Region Manager; M. O. Boxwell, Eastern Region Manager; J. L. Knies, Director of Merchandising; and E. J. Stinneford, Central Region Manager. W. G. Finnan, Credit Manager, was elected Assistant Treasurer. Vice Presidents, R. L. Waterman and F. C. Wood, resigned.

As of January 31, 1951, G. I. Mason, Secretary of the Company, retired after eleven years of fine service with the Company. Effective February 1, 1951, C. W. Rivoire, who had been Assistant Secretary, was elected Secretary of the Company.

PROSPECTS

While it is difficult to give a forecast for 1951 because of the current world-wide conditions, Government controls in our economy, and increased taxes, that confront all of us, we believe that demand for merchandise we distribute will continue at a high level. We are confident that with the continued cooperation of our suppliers and employees, the results for 1951 will be satisfactory.

W. T. Grant
Chairman of the Board

R. H. Fogler
President

March 30, 1951

THE COMPANY'S LIFO HISTORY

Through the fiscal year 1947, the Company's annual reports presented earnings computed on the Retail Inventory Method and the tax returns for these years were originally filed on this basis.

For the fiscal year 1948, earnings were computed, as explained in the 1948 annual report, on the LIFO method, which we adopted retroactively to January 31, 1941 for reasons we then claimed and still claim as justified. At that time, we filed amended tax returns based on LIFO for the years 1941 through 1947, and claims for refund of overpayment of taxes for these respective years. These claims for refund amounted to $9,795,000 and were reported in the statements of financial position at January 31, 1949 and also at January 31, 1950. The 1948 tax return was filed on the same LIFO basis.

For the fiscal year 1949, earnings were also computed and reported on the LIFO basis, adopted as of January 31, 1941, and the Company's tax return for the year was filed on this basis.

As yet, there has been no final determination made on the claims for refund, covering the years 1941 to 1947, and the Company's right to retroactive application of LIFO has not been established. Definite action is being taken to establish the right to the retroactive LIFO base.

For the fiscal year ended January 31, 1951, the Company decided to elect the LIFO method as of January 31, 1950 as permitted by the Revenue Act of 1939. This has been done so as to establish, beyond dispute, the right to use the LIFO method for 1950 and subsequent years, whether or not the right to the retroactive use of LIFO is allowed.

Accordingly, the 1950 results are presented on LIFO adopted as of January 31, 1950. It is understood that this modification will not prejudice our claim for retroactive use of LIFO. The Company's tax return for 1950 will also be filed on this modified LIFO basis.

If we are successful in sustaining the right to use LIFO retroactive to a prior year, a reduction in inventory valuation would result, which would be offset in part by tax refunds for prior years. A reserve of $3,214,118 has been set up on the Company's statement which is the maximum difference which could result from the inventory adjustment less tax refunds. Should we be unsuccessful in establishing the right to use LIFO retroactively, the Company would recover $1,268,000 in overpayment of taxes for the years 1948 and 1949 under LIFO, and the reserve mentioned above would be added to the Company's "Earnings used in the business."

The notes to financial statements that are contained in this Annual Report explain accounting adjustments to respective accounts that reflect the application of retroactive LIFO for the years 1941 to 1949, and the changed LIFO base for 1950. Such treatment is predicated on the Company's intention to continue to use for its financial statements the same LIFO base that will eventually be established for income tax purposes.

W. T. GRANT COMPANY

and Subsidiary Consolidated

STATEMENT OF OPERATIONS

Fiscal Year ended January 31, 1951

SALES		$250,573,987
COST OF MERCHANDISE SOLD AND OPERATING EXPENSES		231,689,882
		$ 18,884,105
DEDUCT:		
Provision for depreciation and amortization of leasehold improvements	$2,604,973	
Interest paid, less interest earned of $88,110	40,967	
Other deductions—(net)	300,614	
Provision for Federal taxes on income, including $445,000 for excess profits tax (Note B)	7,835,000	10,781,554
NET EARNINGS FOR THE YEAR		$ 8,102,551
DEDUCT:		
Cash dividends:		
On 3¾% Cumulative Preferred Stock:		
Four quarterly dividends of 93¾¢ each per share	$ 562,506	
On Common Stock:		
Four quarterly dividends of 25¢ each per share	2,380,812	
Extra dividend of 50¢ per share paid December 15, 1950	1,191,342	
TOTAL DIVIDENDS		4,134,660
EARNINGS FOR YEAR USED IN THE BUSINESS		$ 3,967,891
ADD:		
Earnings of prior years used in the business		42,958,824
TOTAL EARNINGS AT END OF YEAR USED IN THE BUSINESS		$ 46,926,715

(See notes to financial statements.)

W. T. GRANT COMPANY
and Subsidiary Consolidated

STATEMENT OF

ASSETS

Current Assets			
Cash		$15,449,740	
United States Government securities—at redemption value		925,992	
Accounts receivable:			
Customers installment accounts, less allowance of $634,885	$ 5,713,963		
Other accounts receivable, claims, etc.	894,519	6,608,482	
Merchandise inventories (including merchandise in transit)—at cost as determined principally by the last-in, first-out (LIFO) method (Note A)		35,708,947	$58,693,161
Other Assets			
Building costs to be repaid by landlords		$ 2,427,262	
Cash surrender value of life insurance		2,341,223	
Recoverable taxes if retroactive LIFO is not sustained (Note A)		1,268,000	
Real estate mortgages receivable		144,750	
Sundry accounts and investments		158,363	6,339,598
Store Properties, Fixtures and Improvements			
Land, at cost		$ 6,964,777	
Buildings, at cost	$ 3,552,924		
Less allowance for depreciation	1,139,235	2,413,689	
Furniture and fixtures, at cost	$17,905,650		
Less allowance for depreciation	6,577,525	11,328,125	
Alterations and improvements to leased properties (remaining cost being amortized over a period not in excess of the terms of the leases involved)		12,259,170	32,965,761
Deferred Charges			
Prepaid taxes, rents and insurance, supplies, etc.			1,575,701
			$99,574,221

FINANCIAL POSITION | *January 31, 1951*

LIABILITIES AND CAPITAL

Current Liabilities			
Accounts payable, including liability for merchandise in transit		$13,421,653	
Real estate mortgages and mortgage bonds payable within one year		514,930	
Accrued accounts		3,044,839	
Federal taxes on income—estimated (Note B)	$ 8,283,757		
Less United States Savings Notes, at redemption value	8,283,757	—0—	$16,981,422
Deferred Liabilities			
Real estate mortgages and mortgage bonds payable from 1952 to 1964			3,329,388
Reserves			
For reduction in inventory valuation, less tax refunds, if retroactive LIFO is sustained (Note A)		$ 3,214,118	
For uninsured risks		1,215,909	
For repainting stores		755,683	5,185,710
Capital			
Capital Stock:			
Cumulative Preferred—$100 par value (Note C):			
Authorized 250,000 shares			
Issued 150,000 shares of 3¾% series		$15,000,000	
Common—$5 par value (Note D):			
Authorized 3,000,000 shares			
Issued 2,386,898 shares (including 2,400 shares in treasury)	$11,922,490		
Capital paid in excess of par value of shares issued	113,824		
Amounts paid by officers and employees under contracts for 62,890 shares of unissued Common Stock	114,672	12,150,986	
Earnings used in the business—$15,295,784 earned prior to formation of the parent company on November 27, 1937, and $31,630,931 earned subsequently (Note C)		46,926,715	74,077,701
Contingent Liabilities			
The subsidiary, W. T. Grant Realty Corporation, is contingently liable on mortgages, aggregating $135,171 at January 31, 1951, created by it covering two store properties subsequently sold subject thereto and now under lease to W. T. Grant Company. There are no other contingent liabilities except those incident to the normal course of the companies' business.			
			$99,574,221

(See notes to financial statements.)

NOTES TO FINANCIAL STATEMENTS

January 31, 1951

Note A—As explained in the reports for the past two fiscal years the Company, in the year ended January 31, 1949, changed its accounting policy with respect to pricing inventories by the application, retroactively to January 31, 1941, of the last-in, first-out (LIFO) method, including adjustments incident to replacement of certain inventories that had been temporarily and involuntarily liquidated. Formerly, inventories were stated at not in excess of the lower of cost (retail inventory method based upon the first-in, first-out application) or market.

Except that in the latter part of 1950 the Internal Revenue Agent-in-Charge in New York City notified the Company of disallowance of the claims for refund for the years 1941 and 1942, the Treasury Department has taken no action with respect to the Company's claims for refunds for the seven years 1941-1947, based on the retroactive application of the LIFO method. Neither has proposed remedial legislation been acted upon by Congress. The Company is continuing its efforts to obtain an equitable decision on these claims for refund.

In view of the possibility that considerable time may elapse before final decision will be secured, the Company has concluded that appropriate steps should now be taken to elect the LIFO method for periods subsequent to January 31, 1950, in event it should ultimately be denied the right to retroactive application. The accompanying financial statements reflect adoption of the LIFO method as of January 31, 1950, with the effects of retroactive application covered, on the most conservative basis, by a reserve as explained in the following paragraph.

This reserve of $3,214,118 represents the maximum amount that would be required to cover inventory reduction less tax refunds if retroactive LIFO is sustained. The amount of this reserve is the result of increasing the beginning 1950 inventory valuation by $11,640,118 (as explained below); the setting up of $1,268,000 of recoverable income taxes (as explained below), in lieu of $9,795,000 for claims for tax refunds shown in the preceding year's statement of financial position; and a reduction of $101,000 in the amount shown in such statement for income taxes payable.

With the adoption of LIFO as of January 31, 1950, it was necessary not only to state the year end inventory on this basis but also to correspondingly restate the beginning inventory on the same basis. As a result, the beginning inventory had to be restated to $33,714,714 as compared with $22,074,596 for that inventory previously valued on a LIFO base as of January 31, 1941. Inasmuch as the new LIFO base as of January 31, 1950 is also reflected in the valuation of the ending inventory, the net effect on earnings for the year because of the change in the date of the LIFO base was only an insignificant amount.

The amount of $1,268,000 shown under Other Assets for taxes recoverable if retroactive LIFO is not sustained, is the net reduction in Federal income taxes which would result from amending tax returns for the fiscal years 1948-1949, to give effect to the change in LIFO base in the event the Company should ultimately be denied the right to LIFO retroactive to January 31, 1941.

Note B—The Company's Federal income and excess profits tax returns have been examined by the Treasury Department for fiscal years through January 31, 1948 except with respect to the retroactive application of inventory pricing as explained in Note A. The aggregate provision for taxes included under current liabilities is believed adequate for assessments tentatively proposed for the recently examined years 1945-1947, and for remaining open years.

In accordance with the practice followed since inauguration in 1946, gross profits on sales on the installment basis are reflected in the financial statements of the Company when the sales are made, whereas for Federal income tax purposes, such gross profits are taken into account as collections are received. At January 31, 1951, the amount of approximately $1,030,000 for deferred Federal taxes on installment sales is included in current liabilities.

Note C—The 3¾% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at any time at $103 per share to August 1, 1951, $102 per share to August 1, 1953, $101 per share to August 1, 1955, and $100 (par value) per share thereafter, plus, in each case, accrued dividends to date of redemption.

So long as any of the Cumulative Preferred Stock shall remain outstanding, the sum of dividends (other than stock dividends) paid on, and amounts expended for acquisition of, Common Stock from January 31, 1945, are not to exceed the aggregate of (1) consolidated net earnings since January 31, 1945, (2) $5,000,000, and (3) net proceeds from sale after January 31, 1945 of any shares of stock ranking junior to the Cumulative Preferred Stock. At January 31, 1951 the portion of earnings used in the business not subject to this restriction amounted to approximately $32,000,000.

Note D—Under the Employees Stock Purchase Plan, approved by the Company's stockholders on April 18, 1950, there was authorized the issuance of not more than 118,935 shares of unissued Common Stock to be offered to employees under the Plan.

The initial offering made in 1950 covered 78,470 shares (net after cancellations of 3,355 shares due to terminations of employment), leaving 40,465 shares available for future offerings.

At January 31, 1951, of the 78,470 shares offered, the Company had entered into contracts for the sale, on a deferred payment basis, of 68,680 shares at approximate market prices at dates of contracts, aggregating $1,850,220, and the remaining 9,790 shares were subject to acceptance by May 1, 1952.

At January 31, 1951, 5,790 shares had been fully paid for and issued and the unpaid balance for the remaining 62,890 shares amounted to $1,579,443.

Note E—The total remaining unpaid balance of Company contributions on account of past service benefits under the Employees Retirement Plan, which was established in 1942, has been reduced to approximately $500,000.

Note F—At January 31, 1951, the Company was lessee of real property owned by persons other than its subsidiary, under 476 leases expiring subsequently to January 31, 1954, at aggregate annual minimum rentals of approximately $7,760,000 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately $2,114,000 minimum annual rentals under 110 leases which were on a percentage of sales basis with specified minimum annual rentals, but does not include any amount for three leases which were on a percentage of sales basis without any specified minimum annual rentals.

AUDITORS' REPORT

To the Board of Directors,
W. T. Grant Company,
New York, N. Y.

We have examined the statement of financial position of W. T. Grant Company and subsidiary consolidated as of January 31, 1951, and the statement of operations of the Company and subsidiary consolidated for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company has modified its method of applying the last-in, first-out (LIFO) method of inventory valuation to begin as of January 31, 1950, instead of retroactively to January 31, 1941, and this change and its effects are described in Note A to the financial statements.

In our opinion, the accompanying financial statements present fairly the position of W. T. Grant Company and subsidiary consolidated at January 31, 1951, and the results of their operations for the year, in conformity with generally accepted accounting principles, which, except for the modification in application of the LIFO method of inventory valuation, with which we concur, were applied on a basis consistent with that of the preceding year.

New York, N. Y., March 23, 1951

Ernst & Ernst

W. T. GRANT COMPANY
and Subsidiary Consolidated

COMPARATIVE STATEMENT OF OPERATIONS

(Computed in Accordance with the LIFO Inventory Method)

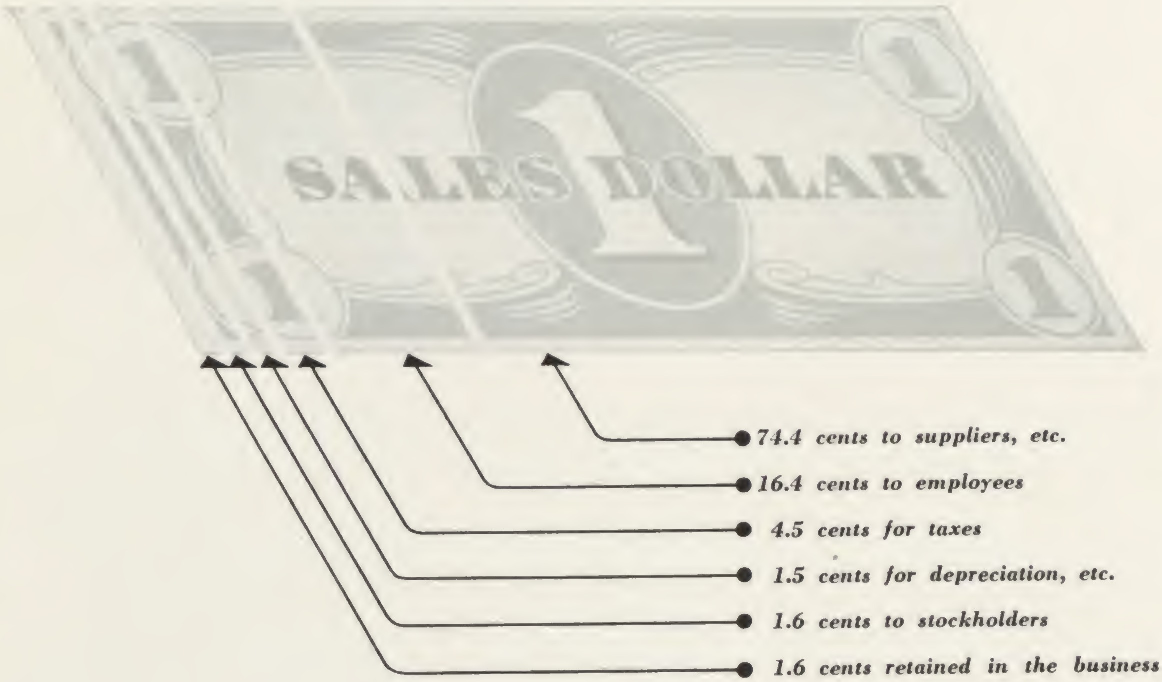
FISCAL YEAR *(Which ends January 31st of subsequent calendar year)*	1950	1949	1948	1947	1946
SALES	$250,573,987	$233,167,686	$233,904,425	$228,636,024	$212,324,212
LESS:					
Cost of merchandise sold and operating expenses	231,689,882	215,261,351	216,517,112	216,056,951	195,977,946
	18,884,105	17,906,335	17,387,313	12,579,073	16,346,266
DEDUCT:					
Provision for depreciation and amortization	2,604,973	2,236,633	1,959,381	1,609,526	1,487,001
Interest paid less interest earned	40,967	58,334	112,776	73,255	12,349
Other deductions (net)	300,614	65,891	68,989	45,170	(12,145)
Provision for Federal income taxes	7,390,000	6,110,000	5,947,000	4,039,000	5,655,000
Provision for Federal excess profits taxes	445,000	—	—	—	—
NET EARNINGS	$ 8,102,551	$ 9,435,477	$ 9,299,167	$ 6,812,122	$ 9,204,061

COMPARATIVE STATEMENT OF EARNINGS USED IN THE BUSINESS

FISCAL YEAR *(Which ends January 31st of subsequent calendar year)*	1950	1949	1948	1947	1946
BALANCE—BEGINNING OF YEAR	$ 42,958,824	$ 37,653,916	$ 31,295,964	$ 28,614,411	$ 25,206,013
ADD:					
Net earnings for year as above	8,102,551	9,435,477	9,299,167	6,812,122	9,204,061
	51,061,375	47,089,393	40,595,131	35,426,533	34,410,074
DEDUCT:					
Preferred dividends	562,506	562,507	562,507	562,507	562,506
Common dividends	3,572,154	3,568,062	2,378,708	3,568,062	5,233,157
BALANCE—END OF YEAR	$ 46,926,715	$ 42,958,824	$ 37,653,916	$ 31,295,964	$ 28,614,411

1950 DISTRIBUTION OF THE GRANT SALES DOLLAR

(Lifo Basis)



COMPARATIVE TABLE ON DISTRIBUTION OF SALES DOLLAR

	1950	1949
For each dollar of sales	cents	cents
Suppliers, etc.*	74.4	73.7
Employee compensation and other benefits	16.4	16.7
Depreciation, maintenance, and repairs	1.5	1.5
Federal, state, and local taxes	4.5	4.0
Dividends to stockholders	1.6	1.8
Earnings retained in the business	1.6	2.3
	$1.00	$1.00

*Suppliers, etc. — includes merchandise costs, supplies, rents, and outside services.

NEW STORES IN NEW COMMUNITIES

Grants introduces attractive, modern stores of impressive size in two new cities.

CULVER CITY, CALIFORNIA

Handsome new stores in structures built to Grants own specifications made their bows in 1950 in Winchester, Virginia and in Culver City, California . . . Grant stores which are complete in assortments and outstanding in their respective towns.

WINCHESTER, VIRGINIA

PHOENIXVILLE, PENNSYLVANIA

NEW BUILDINGS IN ESTABLISHED TOWNS

Bigger and better new buildings were erected in 1950 in four communities where Grants has been long established.

HOLYOKE, MASSACHUSETTS

Reopening event sales estimates were exceeded as a result of the enthusiastic throngs that visited Holyoke, Massachusetts; Elyria, Ohio; Phoenixville, Pennsylvania and Albany, New York where Grants presented greatly expanded stores in splendid new buildings in the heart of each community. Post-war planning has attained full flower in these units.

ALBANY, NEW YORK

ELYRIA, OHIO

In addition to erecting six new buildings for new or existing stores, Grants construction program enhanced fourteen other units with extensive remodelings and expansions. New second floors serviced by two-way escalators were installed to speed traffic in Boston, Baltimore and Miami. Ten other stores gained additional sales space on either their street or downstairs floors, allowing for more extensive presentation of Grants value assortments for the family and home. Alterations included the latest in scientific fluorescent lighting, better fixtures and other improvements.

Pictured at top is the entrance to our Boston store at 395 Washington Street as it now appears. In the circle is a photograph of this store before the 1950 remodeling.

The Miami store at 9 E. Flagler Street has a second floor that extends to the corner. Another customer entrance opens to North Miami Avenue.

REMODELED AND ENLARGED STORES

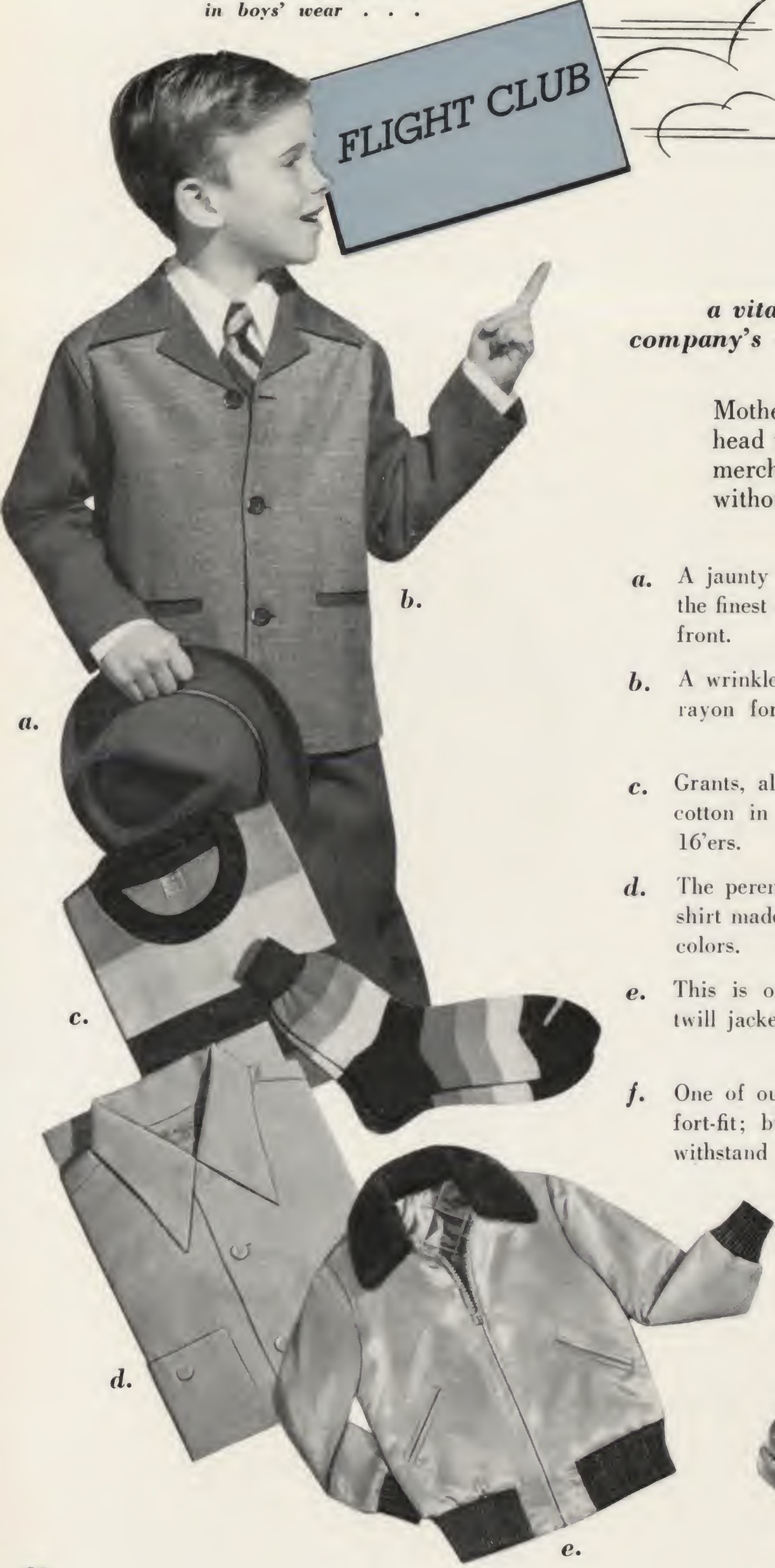
Grant stores in the following cities are enjoying greater sales volume as a result of our 1950 store remodeling program:

BOSTON, MASSACHUSETTS
BALTIMORE, MARYLAND
MIAMI, FLORIDA
DAVENPORT, IOWA
EL PASO, TEXAS
HUNTINGTON, WEST VIRGINIA
BLOOMFIELD, NEW JERSEY
WASHINGTON, PENNSYLVANIA
ELKINS, WEST VIRGINIA
NEW PHILADELPHIA, OHIO
SAN JOSE, CALIFORNIA
MIDDLETOWN, CONNECTICUT
ARLINGTON, MASSACHUSETTS
BUFFALO, NEW YORK

Our Baltimore store as viewed today is shown above. The circled photo was taken in front of this unit in October 1923 as eager crowds awaited its opening for the first time.

This is Grants newly expanded and remodeled store in El Paso, located at the corner of Mesa Ave. and Texas St.

the label that stands for outstanding values in boys' wear . . .



GRANTS OWN BRANDS . . .

a vital factor in your company's reputation for values

Mothers can outfit their sons from head to toe in Grants "Flight Club" merchandise and pocket savings without sacrificing quality or style.

a. A jaunty spring hat for junior made from the finest quality wool felt with smart pinch front. Pre-blocked . . . 1.59

b. A wrinkle-resistant longie suit of wool and rayon for boys who wear sizes 4 to 10. Exceptional at . . . 5.98

c. Grants, alert to fashion, matches colorfast cotton in polo shirts and socks for 6 to 16'ers. The set . . . 1.29

d. The perennially popular long-sleeved sport shirt made of Teca rayon in rich, washable colors. Just . . . 1.98

e. This is our weather-repellent rayon satin twill jacket, collared in mouton lamb. Sizes 6 to 18 . . . 6.98

f. One of our boys' shoes designed for comfort-fit; built with mensweight leathers to withstand wear. Pair . . . 3.99

Prices as of Feb. 23, 1951

the label that symbolizes
Grants complete line of baby essentials
at budget-babying prices.

Each of our "Bouncing Baby" items has been laboratory tested. Each is cellophane wrapped or attractively boxed. Below are just eight of the seventy "Bouncing Baby" items developed by Grants.

a. Mothers can choose dainty hand-embroidered or smart striped polo shirts.
With 2-button shoulder . . . 79¢

b. Diapers made of top-standard (5.65) weight Birdseye. Hemmed ends won't fray.
6 for . . . 1.39

c. Our 1 x 1 fine rib knit cotton shirt has patented shoulder cap to slip easily over head.
Each . . . 59¢

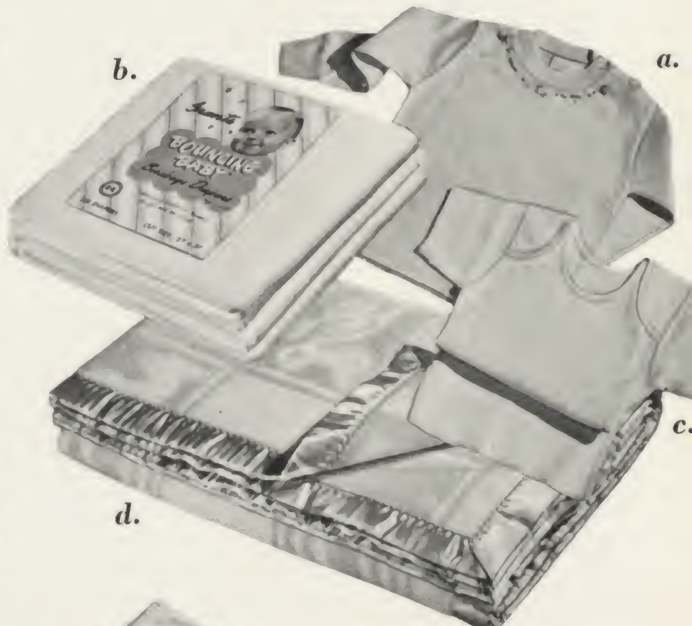
d. Grants warm, fluffy crib blanket with handsome 3″ acetate binding, in nursery print jacquards. Each . . . 2.49

e. Training pants of single thick combed flat knit cotton are bartacked at strain points.
Each . . . 25¢

f. Extra softness, cuddly warmth in this sudsable cotton flannelette kimono.
White with pastels . . . 69¢

g. A cap, bootee and sweater set in downy-soft wool, kind to baby's skin.
Pretty pastels . . . 1.98

h. Our fashion-wise Ballerina shoe in washable leather can be cleaned with soap and water.
Pair . . . 1.59



b. *a.* *c.* *d.*

e.

f.

g.

h.

480 GRANT STORES IN 39 STATES

***Alabama* (6)**

Anniston
Birmingham
Decatur
Gadsden
Huntsville
Mobile

***Arkansas* (1)**

Pine Bluff

***California* (14)**

Alhambra
Berkeley
Culver City
Fresno
Huntington Park
Long Beach
Los Angeles (2)
Oakland
Pasadena
Sacramento
San Jose
Santa Barbara
Santa Monica

***Colorado* (1)**

Denver

***Connecticut* (26)**

Bridgeport (2)
Danbury
Danielson
Derby
Greenwich
Hartford
Manchester
Meriden
Middletown
Milford
New Britain
New Haven
New London
New Milford
Putnam
Rockville
Southington
Stamford
Thomaston
Thompsonville
Torrington
Wallingford
Waterbury
Willimantic
Winsted

***Delaware* (3)**

Dover
Milford
Wilmington

***Florida* (6)**

Jacksonville
Lakeland
Miami
Orlando
Tampa (2)

***Georgia* (7)**

Albany
Atlanta
Augusta
Brunswick
Macon
Savannah
Valdosta

***Illinois* (16)**

Alton
Aurora
Belleville
Chicago (3)
Decatur
East St. Louis
Elgin
Galesburg
Jacksonville
Joliet
Peoria
Quincy
Rockford
Springfield

***Indiana* (8)**

Evansville
Gary
Hammond
Indianapolis
Michigan City
New Albany
Newcastle
South Bend

***Iowa* (5)**

Clinton
Davenport
Ottumwa
Waterloo
Marshalltown

***Kansas* (4)**

Hutchinson
Pittsburg
Topeka
Wichita

***Kentucky* (2)**

Louisville
Paducah

***Louisiana* (5)**

Alexandria
Baton Rouge
Monroe
New Orleans
Shreveport

***Maine* (11)**

Bangor
Bath
Brunswick
Calais
Gardiner
Lewiston
Old Town
Portland
Sanford
Skowhegan
Van Buren

***Maryland* (3)**

Baltimore
Crisfield
Hagerstown

***Massachusetts* (66)**

Arlington
Athol
Beverly
Boston (11)
Brockton
Chelsea
Chicopee
Clinton
Easthampton
Fall River
Fitchburg
Framingham
Franklin
Gardner
Gloucester
Great Barrington
Haverhill
Holyoke
Hudson
Hyannis
Lawrence
Leominster
Lynn (2)
Malden
Marlboro
Medford
Melrose
Middleboro
Milford
Natick
Needham
New Bedford (2)
Norfolk Downs
North Adams
North Attleboro
Norwood
Palmer
Peabody
Pittsfield
Plymouth
Reading
Rockland
Salem
Somerville
Stoneham
Taunton
Wakefield
Ware
Watertown
Webster
Westfield
Weymouth
Woburn
Worcester

***Michigan* (9)**

Detroit (2)
Grand Rapids
Hamtramck
Kalamazoo
Lansing
Muskegon
Saginaw
St. Joseph

***Minnesota* (4)**

Minneapolis
Rochester
St. Paul
Winona

***Mississippi* (1)**

Jackson

***Missouri* (4)**

Kansas City
St. Joseph
St. Louis
Springfield

***Nebraska* (2)**

Lincoln
Omaha

***New Hampshire* (6)**

Berlin
Concord
Dover
Manchester
Nashua
Portsmouth

***New Jersey* (28)**

Bayonne
Bloomfield
Bridgeton
Burlington
Camden
Collingswood
Dover
Elizabeth
Hackensack
Hoboken
Jersey City (3)
Millville
Mount Holly
Newark (2)
New Brunswick
Passaic
Paterson
Plainfield
Rahway
Riverside
Somerville
Trenton
Union City
Vineland
West New York

***New York* (83)**

Albany
Amsterdam
Batavia
Bath
Bay Shore, L. I.
Beacon
Binghamton
Buffalo (7)
Canandaigua
Carthage
Corning
Cortland
Dansville
Elmira
Freeport, L. I.
Geneva
Glen Cove, L. I.
Glens Falls
Gouverneur
Great Neck, L. I.
Hempstead, L. I.
Herkimer
Hudson Falls
Huntington, L. I.
Ilion
Jamestown
Johnstown
Kenmore
Kingston
Lackawanna
Levittown, L. I.
Lockport
Lynbrook, L. I.
Mechanicville
Medina
Middletown
Newburgh
New York
Bronx (3)
Brooklyn (2)
Manhattan (4)
Queens (3)
New Rochelle
Niagara Falls
Norwich
Olean
Oneida
Oneonta
Patchogue, L. I.
Penn Yan
Port Chester
Port Jervis
Poughkeepsie
Riverhead, L. I.
Rochester
Rockville Centre, L. I.
Rome
Schenectady
Seneca Falls
Syracuse (2)
Tonawanda
Troy
Utica
Watertown
Warsaw
Westfield
Wellsville
White Plains
Yonkers

***North Carolina* (10)**

Charlotte
Concord
Elizabeth City
Goldsboro
Greensboro
Greenville
Hickory
Kannapolis
Kinston
Raleigh

***North Dakota* (1)**

Fargo

***Ohio* (24)**

Akron
Bellaire
Bellevue
Cambridge
Canton
Circleville
Cleveland
Columbus
Conneaut
Dayton
Delphos
Elyria
Kent
Lima
Mansfield
Marion
Middletown
New Philadelphia
Newark
Norwalk
Portsmouth
Steubenville
Toledo
Youngstown

***Oklahoma* (2)**

Muskogee
Oklahoma City

***Pennsylvania* (62)**

Altoona
Bangor
Beaver Falls
Berwick
Blairsville
Bloomsburg
Butler
Carlisle
Chambersburg
Columbia
Conshohocken
Danville
Elizabethtown
Ellwood City
Erie
Freeland
Greenville
Hazleton
Homestead
Honesdale
Jeannette
Johnstown
Lancaster
Lock Haven
McKeesport
Mahanoy City
Middletown
Milton
Mount Pleasant
New Kensington
Norristown
Oil City
Palmerton
Philadelphia (4)
Phillipsburg
Phoenixville
Pittston
Pittsburgh (2)
Pottstown
Pottsville
Reading
Sayre
Scranton
Shamokin
Shippensburg
Sunbury
Tarentum
Titusville
Towanda
Uniontown
Upper Darby
Washington
Waynesboro
West Chester
Wilkinsburg
Williamsport
Windber
York

***Rhode Island* (6)**

Newport
Pawtucket
Providence
Westerly
West Warwick
Woonsocket

***South Carolina* (3)**

Charleston
Columbia
Greenville

***Tennessee* (5)**

Bristol
Chattanooga
Kingsport
Memphis
Nashville

***Texas* (13)**

Abilene
Beaumont
Brownsville
Corpus Christi
Dallas
El Paso
Fort Worth
Galveston
Houston
Port Arthur
San Antonio (2)
Wichita Falls

***Utah* (2)**

Ogden
Salt Lake City

***Vermont* (4)**

Burlington
Newport
St. Johnsbury
Springfield

***Virginia* (14)**

Charlottesville
Clifton Forge
Danville
Fredericksburg
Harrisonburg
Hopewell
Lynchburg
Newport News
Norfolk
Petersburg
Portsmouth
Richmond
Roanoke
Winchester

***West Virginia* (5)**

Beckley
Clarksburg
Elkins
Huntington
Parkersburg

***Wisconsin* (8)**

Fond du lac
Green Bay
La Crosse
Madison
Milwaukee (2)
Oshkosh
Sheboygan

REGIONAL CONVENTIONS

Regional conventions of store managers have been resumed on an annual basis. These have served to strengthen company spirit and understanding as well as to further merchandising knowledge and enthusiasm. Photographs here were taken at the February 1951 meetings.

Company President, R. H. Fogler, presents a gold watch to store manager, Morris Boles, upon completion of 25 years service with Grants. The background served as a stage setting when regional managers presented awards to managers who achieved outstanding store performance records in 1950.

A top management group forms the panel to answer store managers' questions. General Manager, Edward Staley (standing), acts as moderator. Seated from left to right are: M. F. Ketz, Comptroller; J. G. Byler, Treasurer; L. C. Lustenberger, Executive Vice President; C. E. Whitman, Personnel Director; J. L. Knies, Merchandise Director and M. G. Bailey, Sales Director.

Curtain buyer, Louise Torok, assisted by Group Merchandise Manager, D. M. Freeman, tells managers about the highlights of Grants new spring and summer curtain-drapery lines.

An attractive model and photographic blowups aided women's wear buyer, C. E. Goss, describe sleepwear styles that promise to be leading sellers during the warm weather season.

PRINTED IN U.S.A.

Grants Home Offices

Visitors' lobby on executive floor

One of lobbies for receiving manufacturers' representatives

This is 1441 Broadway where your company's home offices are located in New York City . . . in a modern building at 41st Street between Broadway and Seventh Avenue . . . only a block below Times Square . . . within minutes of countless manufacturing resources.

Grants

KNOWN for VALUES